

I/ME

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19 February 1959

Requirement for budgetary information on the North Korean Ministry of  
National Defense  
25X1A29

REF : [REDACTED]

Background

The report referenced above provides information on North Korean military economics of considerable value to OSR. Known intelligence has been corroborated, at least in certain areas, for example, the rank pay of both enlisted men and officers, and the procedures for salary payments depicted in paragraph 30, including signature of recipient and format of payroll. Also the rather complete list of rations, food and clothing, for enlisted men and officers filled a specific gap on intelligence.

OSR has definitely established that the North Korean Defense Budget is a modified parallel of the defense budget of the USSR. The financial accounting and reporting procedures and regulations used in North Korea are likewise patterned after the Soviet system. Hence, any further detailed information in the field of North Korean military economics can be used against the major target — the USSR.

Further information is desired particularly with regard to the questions listed below and such information would be regarded by OSR as "of special importance." If this information is not available from the present source, it is requested that these requirements be levied on other sources.

Paragraph 27 of this report provides the collector with an excellent target list. In the event that higher echelons cannot be penetrated, it is desirable to penetrate the division and/or regimental echelon as suggested in paragraph 27 subcategory 4 of the report. Armor, artillery and airforce units are particularly important and deserve special attention.

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Requirements

1. What are the monthly position salaries for officers? State specific job title and pay. (Reference report, paragraph 5)
2. What is the organization and functions of both the Financial Bureau of the Ministry of National Defense and the Rear General Bureau? (Ref. Para. 27)
3. Are tanks, artillery pieces and other major items of hardware purchased directly by the Ministry of National Defense? If so, from what economic organizations? Does this Ministry use its budgetary funds for such purchases? Explain.
4. How do the financial transactions for the purchase of arms, hardware and ammunition take place? What are the accounting procedures and finance office regulations pertaining to any and all financial transactions? Banking regulations and procedures pertaining to the military?
5. What are the prices paid by the military for specific military and items or other items used by the Ministry of National Defense?
6. The announced North Korean budget includes under the heading -- Expenditures -- the following four categories:

1. Economic Construction Expenditures	77
2. Government and Administration	3
3. Defense	6
4. Miscellaneous	13
	<hr/>
	100%

- a. What specific expenditures are included under the budgetary category labeled Defense?
- b. To what extent does the general budgetary category Economic Construction Expenditures include military expenditures? And for what specific type projects?
- c. Are military expenditures included in the Miscellaneous category?